
Appendix H

COST LIMITATIONS

The Department has established the following cost limitations for negotiating contracts.

OVERHEAD COSTS (rev. 3-06)

Recent Federal Law amendments to Title 23 of the United State Code at §112(b)(2) relate to the award of engineering and design services (A&E) contracts for construction projects using Federal-aid highway funding. This amendment strikes the pre-existing provisions of that law, which allowed the Delaware Department of Transportation to place caps on indirect cost rates.

The Department's prior caps on indirect cost rates (overhead) varied from 150 percent for environmental testing agreements with special environmental risks to 105 percent for construction inspection agreements, and 123 percent for all other agreements.

All agreements advertised on or after December 1, 2005 will comply with the new law. Agreements advertised prior to this date will retain their original overhead cap rates as specified in the agreements.

COMPUTER AND CADD COSTS

All computer and CADD usage costs must be included in the overhead calculation and cannot be billed as a direct cost. This does not include operator labor costs, which can be billed as direct labor.

LODGING AND SUBSISTENCE

(rev. 3-06)

Lodging and subsistence will be reimbursed at actual cost not to exceed CONUS (Continental United States) Per Diem rates set for the location by the U.S. General Services Administration, and pre-approved by the **DEPARTMENT**.

MILEAGE RATE

Mileage for the use of vehicles on a project will be reimbursed in accordance with the Consultant's written policy, up to the current Internal Revenue Service allowable rate, under the Internal Revenue Code.

PROFESSIONAL LIABILITY INSURANCE

All Consultant insurance is considered an overhead expense. Consultant insurance costs are not paid for as a direct expense unless, at the direction of the Secretary, the Department is requiring an unusual amount of insurance for some specific purpose.

SALARY RATE MAXIMUM

The maximum salary rates for the various occupational classifications must be established during the negotiation stage for each contract, if applicable.

NET FEE (FIXED FEE/PROFIT)

(rev. 3-06)

The net fee or profit associated with cost-plus-net-fee type agreements and supplementals must be negotiated, and the profit stated in the agreement as a fixed-dollar amount. Profit expressed as a percentage can never be used on any federal participating agreement or supplemental. The Departmental guideline for establishing the maximum profit amount is being revised. Contact Contract Administration with any questions.

Profit for sub consultants should be treated independently of the prime consultant.